

AN ORDINANCE **97703**

APPROVING AND AUTHORIZING THE EXECUTION OF A SIX (6) YEAR AGREEMENT WITH AERO SKY, L.L.C., TO EXEMPT ONE HUNDRED PERCENT (100%) OF APPROXIMATELY \$4,300,000.00 IN REAL PROPERTY IMPROVEMENTS FROM AD VALOREM TAXATION.

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WHEREAS, Aero Sky, L.L.C. (hereinafter “Aero Sky”) has been a corporate resident of San Antonio, conducting aircraft maintenance operations at the San Antonio International Airport (hereinafter “Airport”) since 1993; and

WHEREAS, the company specializes in routine and heavy aircraft maintenance for corporate jets and major airlines such as Delta Airlines, America West, Eagle Aviation and Express One, with an emphasis on interior refurbishment for overseas air carriers and VIP aircraft; and

WHEREAS, Aero Sky currently leases its facilities from the Airport while employing 40 full-time personnel with an annual payroll of approximately \$2 million, as well as utilizing 350 local vendors and subcontractors at a cost of approximately \$1.5 million per year; and

WHEREAS, Aero Sky wishes to expand its operations and is scheduled to enter into a new 25-year ground lease agreement with the City for approximately 15 acres of land located at 2030 First Avenue at the Airport to facilitate the construction of new facilities to house the company’s expanded operations to include an 83,200 square foot aircraft hangar, a 40,000 square foot facility for maintenance, inspection and administrative offices, an employee and customer parking area, as well as demolition of three existing buildings totaling 41,679 square feet (the “Project”); and

WHEREAS, in connection with the Project, Aero Sky will invest approximately \$4.3 million in the real property improvements with construction scheduled to begin in June 2003, providing approximately 70 one-time construction jobs for 18-24 months and creating 40 new permanent, full-time jobs by 2009 and accordingly has submitted an application for a six-year exemption from ad valorem taxation for those improvements; and

WHEREAS, Aero Sky is in the targeted aerospace industry and qualifies under the City’s Tax Phase-In Guidelines (hereinafter the “Guidelines”) as an aerospace/aviation facility; and

WHEREAS, the Project supports the Strategic Plan for Enhanced Economic Development by encouraging the retention and expansion of local businesses and promoting continued growth in a targeted industry; and

WHEREAS, the Project also meets provisions in the Guidelines related to investment, phase-in term and wages, including payment by Aero Sky of an average employee wage of \$12.00 to \$16.00 per hour and the provision of an excellent benefits package; and

WHEREAS, the City Council finds that the proposed Project furthers the objectives of the Economic Development Department and the City of San Antonio by promoting the development of local business interests and job creation; and

WHEREAS, the City Council also finds that it is in the best interest of the City to exempt from taxation one hundred percent (100%) of the estimated \$4.3 million in real property improvements to be made by Aero Sky in the Aero Sky Reinvestment Zone for six years, commencing on January 1, 2004; **NOW THEREFORE**:

BE IT ORDAINED BY THE CITY COUNCIL OF THE CITY OF SAN ANTONIO:

SECTION 1. The City Council hereby approves and authorizes a Tax Phase-In Agreement with Aero Sky, L.L.C., which Agreement shall grant a one hundred percent (100%), six (6) year abatement of ad valorem taxes on real property improvements made by Aero Sky in an estimated amount of \$4.3 million in the Aero Sky Reinvestment Zone. A final copy of the Agreement is attached hereto and incorporated herein as Exhibit "A".

SECTION 2. The City Manager or her designee is authorized, for a forty five (45) day period from the effective date of this ordinance, to execute the Agreement as approved in Section 1. The final Agreement shall be filed with this ordinance upon execution.

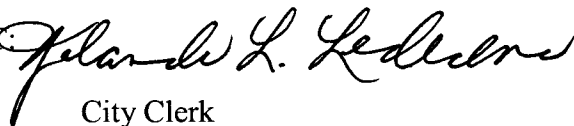
SECTION 3. This ordinance shall be effective on and after the tenth (10th) day after passage hereof.

PASSED AND APPROVED this 29th day of May, 2003.




M A Y O R
EDWARD D. GARZA

ATTEST:


City Clerk

APPROVED AS TO FORM:


for City Attorney